

## Misclassified Worker Actions

Since Fall 2010, DES Tax Department and Tax Auditors have focused on investigating misclassified worker and underground economy leads. Efforts include:

Conduct compliance audits on 1.5% of DES employer accounts each calendar year

Conduct investigations on all blocked claim assignments. If the investigation reveals employer liability or misclassification of workers the investigation is expanded into a compliance audit.

Conduct underground economy assignments on businesses for which a DES account number has not been issued if we receive a lead. Leads are received from:

- anonymous tips

- tips from business competitors

- newspaper articles, periodicals, website

- businesses filing for DES account number who supply their listing of independent contractors

- businesses being audited who issue IRS form 1099-Misc

Address employer groups, accountant groups, and answer all telephone calls and emails requesting information concerning independent contractors or employees

Talk to potential employers and answer questions concerning independent contractors

Formerly matched quarterly, plan to change to annual matching of employer lists with Internal Revenue Service (IRS) and send follow-up inquiry letters to employers notifying them of potential DES liability

Formerly matched quarterly, plan to change to annual matching of employer lists with Department of Revenue (DOR) and send follow-up inquiry letters to employers notifying them of potential DES liability